

District of Columbia Retirement Board

Description	FY 2002 Approved	FY 2003 Proposed	% Change
Operating Budget	\$13,387,875	\$13,387,875	0

The mission of the District of Columbia Retirement Board is to invest, control and manage the assets of the Teachers' Retirement Fund and the Police Officers' and Fire Fighters' Retirement Fund.

The board is composed of 12 trustees: three appointed by the Mayor; three appointed by the District Council; and six elected by their participant groups. The board has six standing committees: Benefits, Investment, Legislative, Operations, Fiduciary, and Minority Participation. The board hires an executive director and support staff to assist in carrying out its mission.

The board plans to fulfill its mission by achieving the following strategic results goal:

- Achieve a long-term rate of return for the retirement funds investments in excess of the actuarially assumed rate of return.

Did you know...	
Plan Rate of Return in FY 2001	7.3%
Actual in FY 2001	10

Where the Money Comes From

Table DY0-1 shows the source(s) of funding for the Retirement Board.

Table DY0-1

FY 2003 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Other	6,058	6,748	13,388	13,388	0
Gross Funds	6,058	6,748	13,388	13,388	0

How the Money is Allocated

Tables DY0-2 and 3 show the FY 2003 proposed budget and FTEs for the agency at the Comptroller Source Group level (Object Class level).

Table DY0-2

FY 2003 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Regular Pay - Cont Full Time	576	804	1,060	1,047	-13
Regular Pay - Other	68	70	65	113	48
Additional Gross Pay	99	0	80	149	69
Fringe Benefits - Curr Personnel	90	108	171	184	13
<i>Personal Services</i>	<i>833</i>	<i>981</i>	<i>1,376</i>	<i>1,493</i>	<i>117</i>
Supplies And Materials	10	74	138	141	3
Telephone, Telegraph, Telegram, Etc	15	8	31	32	1
Rentals - Land And Structures	256	201	230	245	15
Other Services And Charges	4,934	5,460	11,566	11,425	-140
Subsidies And Transfers	0	0	0	0	0
Equipment & Equipment Rental	10	24	47	52	5
<i>Non-personal Services</i>	<i>5,225</i>	<i>5,767</i>	<i>12,012</i>	<i>11,895</i>	<i>-117</i>
Total Proposed Operating Budget	6,058	6,748	13,388	13,388	0

Table DY0-3

FY 2003 Full-Time Equivalent Employment Levels

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Continuing full time	8	8.75	13	13	0
Term full time	1.25	2	1	1	0
Total FTEs	9.25	10.75	14	14	0

Other Funds

The proposed Other Funds overall budget is \$13,387,875, which represents no change from the FY 2002 approved budget. From FY 2002 to FY 2003 there was a net shift of \$116,587 from non-personal to personal services to fund pay raises, fully fund board member compensation and for fringe benefits. There are 14 FTEs funded, which represents no change from FY 2002.

Significant changes are:

- A net increase of \$34,500 in salaries due to an increase in budgeted board member compensation per statutory requirements and to align with schedule A.
- An increase of \$69,489 for additional gross pay to support pay raises based on performance.
- An increase of \$12,598 for fringe benefits.
- An increase of \$7,880 for supplies and equipment.
- An increase of \$15,857 in fixed costs, primarily attributable to rent.
- A decrease of \$140,324 for other services, which the agency attributes to a previous fiscal year purchase of a fiduciary liability insurance policy that covers several years. The majority of the expenses in this object class represent the management fees for the pension plans, and vary depending on the value of the funds and investment actions.

Programs

The board fulfills its mission through two primary activities:

- **Fund Asset Management** provides custody and investment of employee retirement funds as well as oversight of contributions and all necessary reporting and disclosures.

- **Retirement System Policy Development and Review** provides organization and operation of the Board as well as recommendation for certain new internal policies and procedures.

Agency Goals and Performance Measures**Goal 1: Achieve long-term rate of return in excess of the actuarially assumed rate of return.**

Citywide Strategic Priority Area: Making

Government Work

Manager: Sheila Morgan-Johnson, Chief

Investment Officer

Supervisor: Jorge Morales, Executive Director

Measure 1.1: Performance of the actuarial rate versus the District's 10 year actual rate of return percentage

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	7.25	7.25	7.25	7.25	7.25
Actual	13.5	10	-	-	-

Measure 1.2: Performance of the customized annual benchmark versus the District's actual rate of return percentage

	Fiscal Year				
	2000	2001	2002	2003	2004
Target	13.2	-15.8	8.9	7.25	7.25
Actual	14.2	-11.7	-	-	-

Note: The DC Retirement Board reports the customized annual benchmark for FY 2001 (FY 01 target) was adjusted from 8.3 to -15.8. The fiscal year target for this measure is set at the end of the fiscal year, based on the performance of the customized annual benchmark. The figure of 8.3% was based on beginning of the year projections from the Board's consultants.